

this month's theme:  
TVA's prescription  
for financial health  
— continued

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## Stretching TVA dollars

Garland Corder, Maintenance Supervisor for Outages & Projects at Bull Run Fossil Plant (left), and Fred Wildman, Roofing Program Manager in Facilities Management, inspect the roofing work above the Control Room, which will prevent damaging the electrical equipment below.

CLETUS MITCHELL

*With its 30 million square feet of TVA facilities, often something needs to be repaired or replaced. Whether it's an entire floor, a roof or transmission line, determining which projects to fund is a fine balancing act for TVA's checkbook.*

**F**red Wildman is a weather-watcher. When torrential rains or heavy snows are predicted, he knows that electrical equipment, historic blueprints or other valuable material could be ruined.

As the overseer of about 3,000 roofs, Wildman's job as Facilities Management's Roofing Program Manager is to get the funding to have them repaired or replaced before damage is done.

Seeing buckets on the floor to catch



the water isn't a pleasant sight for him.

"We have about 50 roofs a year repaired or replaced," Wildman says. "They range from 100,000 square feet over a turbine bay at Shawnee Fossil Plant to 100 square feet at a microwave station on top of Brawley Mountain in Georgia."

To improve efficiency and help prioritize resources, roofing repairs and replacements for all TVA facilities have been consolidated into one project.

Chief Operating Officer Ike Zeringue and Administration Executive Vice President LeAnne Stribley are executive sponsors of a cross-functional team from the major business units that help prioritize the projects.

Among the projects Wildman currently is supervising is the replacement of two roofs at Bull Run Fossil Plant and one over the turbine-generating building at Cumberland Fossil Plant.

"The roof over the Control Room wing  
*See "TVA dollars" on page 4*

## Planning multiple project priorities

*When every choice is important, how do you choose what comes first?*

**R**eplacing the washing machine, paying college tuition, repairing the family car. Making choices with your paycheck when everything seems like a priority takes careful planning.

To pay cash, to borrow, to use savings, to defer — all are difficult decisions for a household.

Each year, TVA faces the same dilemma with its dollars. That's when capital prioritization becomes essential to the business-planning and budgeting processes.

Prioritization starts at the business-unit and plant levels through the business-planning process, says Anda Ray, Vice

President of Performance Initiatives and Chairman of the Project Review Committee, or PRC.

"Each strategic business unit analyzes its performance gaps and identifies possible solutions," she says. "Then they develop a multi-year project plan addressing the performance gaps. Projects exceeding \$250,000 are then submitted to the PRC, which approves funding for capital projects that best support TVA's core business needs."

Each project is documented in accordance with the Project Justification Process outlining the problem, the project scope, the  
*See "Project priorities" on page 4*

## what's new in employee news

### Special offers on Web site

The Employee Benefits site on TVA's internal Web site includes a link to a "Services, Discounts and Special Offers" page.

The site currently has discount offers on products ranging from computers to prescription drugs to General Motors vehicles. Also included from time to time are special offers from retail vendors and area attractions. In addition, vendors with which TVA has contracts for business-related services and supplies periodically post products or services.

TVA's inclusion of offers on this site is for information purposes only and is not a TVA endorsement of any products or services offered.

## Inside TVA

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*Inside TVA and Inside TVA Retirees Edition are available on the TVA external homepage — [www.tva.com](http://www.tva.com).*

## Learning about new products

Billy Ray Thomas, a Boilermaker Foreman at Kingston Fossil Plant, was among the employees checking out the displays at the Standard Product Trade Show last month at the plant. The trade show, sponsored by TVA's Materials Standardization Team, had 35 vendors. The purpose of the show was to help employees become familiar with many products available to them and discuss their uses with vendor representatives. Product displays included safety-related items, power tools and electrical devices. Several vendors provided samples of their products. About 304 plant, Transmission/Power Supply, Facilities, Heavy Equipment Division, Yard Operations and partner employees attended the show during the three-hour period. The turnout at Kingston was the largest so far of the scheduled shows. The trade show was the sixth in a series at TVA facilities. Shows will be scheduled at other facilities across the Tennessee Valley later.



## INSIDE BRIEFS

### Fossil Power

Johnsonville Fossil Plant Unit 6 set a unit record for continuous operation. The unit completed a 187-day run Aug. 12 when it was taken offline to be placed on idle standby. The unit's previous continuous-run record of 185 days was set in 2003. The 125-megawatt unit has been in service for 50 years. During the run just completed, Unit 6 generated about 417,000 megawatt-hours of electricity, enough to serve about 28,000 homes in the Tennessee Valley for an entire year.

### Transmission/Power Supply

The Transmission Operations & Maintenance group in Transmission/Power Supply recently achieved a maintenance goal that TOM employees and others have been working toward for nearly six years. The TOM Total Preventive Maintenance Backlog Program uses the EMPAC Work Management System to track maintenance activities to help reduce equipment failures and improve the performance level to customers, as well as reduce workhours, with the ultimate goal of

completing all preventive maintenance by the end of fiscal year 2004. When the program began, the backlog of work represented more than 97,000 workhours. By July 2004, TOM had whittled the number to fewer than 3,000 workhours. Of the remaining tasks, the Transmission Service Centers were responsible for 1,879 workhours, and plant-owned backlogs (work to be performed by TPS at plant sites) accounted for another 1,026 workhours. TOM reached the zero-backlog target for TSC-owned facilities Aug. 11, and the zero-backlog goal on plant-owned facilities was achieved Aug. 20.

### TVA Nuclear

Employees at Sequoyah Nuclear Plant completed a first-of-its-kind project for TVA nuclear power plants Aug. 3. Three casks of used nuclear fuel were placed in an above-ground, spent-fuel storage facility located at the plant, completing the first round of more such activities to come. The plant's fuel-storage pool — where used fuel has been stored under water — was about to reach full capacity. This development occurred because the Department of Energy is behind schedule for developing an underground repository for used nuclear fuel at Yucca Mountain in Nevada and has been unable to remove used fuel from nuclear plants, including TVA's. In addition to being a proven and safe technology, dry storage keeps the fuel safely under TVA's control and at a TVA plant site until DOE's repository is available. Browns Ferry Nuclear Plant, which also will need additional fuel-storage capacity beginning in 2005 because of the Yucca Mountain delay, is building a spent-fuel storage facility similar to the one at Sequoyah. Watts Bar Nuclear Plant has adequate space in its pool to allow storage until 2018, so it is not currently building such a facility.



### More than a helping hand

Jody McBryar (left), a Senior Secretary in Transmission/Power Supply, and Kristen Rogers, a Civil Engineer in River System Operations & Environment, do their part during the Chattanooga Combined Federal Campaign Day of Caring Sept. 10. The women were on the team that landscaped, mulched, weeded and provided general cleanup for the AIM Center. The center — Achievement, Independence, Motivation — provides psychiatric-rehabilitation services. More than 350 federal employees helped 34 CFC agencies during the Day of Caring event.

## what's new online

### TVA River Neighbors

The August 2004 issue of *TVA River Neighbors* — a newsletter for people who use TVA-managed reservoirs — is now available on [www.tva.com](http://www.tva.com). This latest issue includes comments from TVA staff on the implementation of the new reservoir-operating policy, a dramatic video of what can happen if you venture too close to a dam, the special attractions at Foster Falls Wild Area and other news of interest. Beginning with this issue, the newsletter will be published online only. Eliminating paper copies will benefit the environment and help reduce costs and bring reservoir users information in a more timely way.

### TVA On the Air

TVA's public On the Air Web page recently posted "The ARIES Study: Questions About the Health Effects of Fine Particulates." The On the Air site offers an extensive collection of technical reports on important air-quality issues. The ARIES Study documents results from the ongoing Aerosol Research & Inhalation Epidemiology Study, known as "ARIES." The study offers a comprehensive examination of the effects of air pollution on human health. This and previous reports are available from [www.tva.com](http://www.tva.com) under "Environmental Stewardship."



## Keeping up the good work on Winning Performance

For the fourth consecutive month, all eight Winning Performance measures are on target or above. Achieving the target goals for each of the Winning Performance measures would mean TVA attained a level of performance equal to what was planned when fiscal year 2004 began last October. Reaching the mid goals by the end of this September would represent an improvement over plan. Accomplishing the stretch goals would be even better.

At the end of August, the year-end forecasts for five of the eight measures — Customer Satisfaction, Asset Availability, Environmental Impact, Financial Strength and Operations & Maintenance Costs — were better than target. Customer Satisfaction is currently expected to be just short of the stretch goal by year end, while Asset Availability is midway between the mid and stretch goals. Environmental Impact is expected to be just short of the mid goal by year-end, and the O&M Costs year-end forecast is about midway between the mid and stretch goals. Financial Strength is currently forecast to achieve the mid goal by year-end.

The year-end forecasts for the other three measures — Productivity, Economic Development and Safe Workplace — remain on target.

The August TVA Balanced Scorecard, as well as scorecards for the Strategic Business Units, is posted on the Winning Performance site on TVA's internal Web site. Clicking on the scorecard's status arrows will access detailed information about each of the measures, including "Problem/Opportunity Areas" and "Improvement Action Plans."

## Winning Performance

TVA's Six Strategic Objectives



### TVA Balanced Scorecard for August

Financial	Weight	Status	Actual YTD	Plan YTD	Year-End Forecast	GOALS		
						Target*	Mid	Stretch
• O&M Costs (\$ millions)	15%	↑	3,141	3,288	3,589	3,644	3,608	3,535
• Financial Strength (\$ millions)	15%	↑	515	296	275	225	275	375
• Productivity (kWh/\$)	10%	↑	159.5	147.1	147.8	147.8	150.8	152.4
<b>Customer</b>								
• Customer Satisfaction (%)	10%	↑	125.5	100.0	126.0	100.0	117.0	130.0
• Economic Development (index)	10%	↑	118	100	100	100	110	120
<b>Operations</b>								
• Asset Availability (%)	20%	↑	101	98	101	98	100	102
• Environmental Impact (index)	10%	↑	87	98	92	98	91	85
<b>People</b>								
• Safe Workplace** (all injuries/hour worked)	10%	↑	1.69	2.41	2.41	2.41	2.36	2.31

**Notes:**  
 \* Target equals FY04 Performance Plan Target.  
 \*\* Payout at any performance level is contingent upon no fatalities.

**Status:**  
 ↑ = Forecast at or better than Target  
 → = Forecast worse than Target, but recovery is possible  
 ↓ = Forecast worse than Target, and recovery is unlikely

This scorecard has been posted on the Winning Performance section of TVA's internal Web site.

## Marketing efforts generate extra value

*Taking pride in its products is proving beneficial for a TVA Marketing group, which ultimately is helping TVA provide exceptional service for its customers.*

TVA's Industrial and Large Commercial Products & Services group has bragging rights. This year, it has reached a milestone of adding more than 1 billion kilowatt-hours to TVA's annual power sales. That translates into sales growth roughly equal to the energy used by all the homes in Chattanooga for one year.

"Our group helps industrial and commercial customers lower their owning and operating costs," says Jerry Barnette, Manager of ILCPS. "At the same time, we help increase power load that TVA and the distributors of TVA power would not otherwise have had."

In its nine years of service, ILCPS staff members have helped more than 1,400 customers achieve efficiency and greater productivity through the use of electric products and services. They have spurred industrial growth and helped create new jobs by offering process improvements that impact manufacturers' competitive positions. And they've provided positive environmental impacts by helping industry reduce waste and apply waste treatment and pre-treatment options that support the environment.



"We take a lot of pride in knowing that we are supporting TVA power sales in a way that offers the greatest benefit to TVA, our distributor customers and the Tennessee Valley's business community," says Jim Keiffer, TVA Senior Vice President of Marketing.

The 1 billion kWh in annual energy sales comes from electric-based equipment installed through ILCPS initiatives since 1995 and now accounts for more than \$13.8 million in annual sales margin for TVA. And that sales margin will be multiplied many times over during the 15- to 20-year life of the installed equipment.

ILCPS's 14 full-time and two shared employees, located throughout the TVA service area, have become a friend to many Valley industries. Industrial expertise includes most areas of manufacturing operations with special emphasis on industries with a heavy presence in the Valley — furniture manufacturing, food processing, metals production, metals fabrication, textiles, plastics, fibers and automotive assembly. One team member specializes in water and wastewater treatment, which is fast becoming a critical focus for sustainable economic growth.



Discussing the Oak Ridge High School renovation project TVA is assisting with are (from left) Tom Bailey, Superintendent of Oak Ridge (Tenn.) Schools; Manny Herz, architect; David Dinse, Project Manager in River System Operations & Environment; Ginna French, Marketing Manager, ILCPS; and Ron Shelton, Rebuild America Program Manager, Oak Ridge National Laboratory. The school plans to incorporate energy-efficient heating and cooling in the high school.

On the large commercial side, ILCPS helps schools, government facilities, nursing homes, restaurants and other commercial buildings lower their operating costs.

"ILCPS has had a huge influence in the installation of commercial geothermal heating and cooling systems, saving school systems, especially, hundreds of thousands of dollars annually on their energy bills," says Barnette. "We also work with power distributors to enhance their outdoor lighting programs and to promote efficient electric-cooking equipment in restaurants

and institutions. "Small and large industries appreciate having top-flight expertise available to them. It's rewarding to watch manufacturing companies grow and expand and know we've helped them along the way." — PHIL IVEY

**WINNING thoughts**  
*Success is simple. Do what's right, the right way, at the right time.*  
 — Arnold H. Glasow



Dave Bennett, Senior Engineer in Transmission Planning, worked on the West Crossville Substation project that will enable Volunteer Energy Cooperative to provide power for growing industry.

CLETUS MITCHELL

## DELIVERING POWER just in time

expansions produce new power demand

**T**he announcement that Crossville Ceramics was planning to construct a new plant in the Crossville, Tenn., area meant 200 new jobs for the community.

In addition, the Italian tile company, Griniti Fiandre, would soon bring another 120 jobs.

For TVA customer Volunteer Energy Cooperative, it meant a new load — 15.5 megawatts — on a substation that was already close to its capacity.

Similarly, in Gallaway, Tenn., the upcoming expansion of TVA power distributor Southwest Tennessee Electric Membership Corp.'s largest customer, Medegen Medical Products, plus the construction of a new 1,500-acre residential development, will mean an additional 7.5-megawatt load on a part of STEMC's distribution system that is already at its capacity and experiencing voltage problems.

"Providing economic development and electric power are two key areas of TVA's mission," says Jim Whitehead, Manager of Transmission Planning in Transmission/Power Supply. "New industrial-plant construction, commercial growth and residential construction mean jobs for local communities and new electrical load for power distributors. But many times it also requires capital improvements to TVA's transmission system and the local distribution system."

The Fredonia Substation in Crossville was close to its firm capacity, and distribution circuits from the Crossville Substation weren't adequate due to load growth in that area of the community.

"The best solution was a new delivery point for Volunteer EC," says Dave Bennett, Electrical Engineer in Electric System Projects. "Volunteer built a new 161-kilovolt substation, and TVA built a 4½-mile line to power the new West Crossville Substation."

These were two of the critical projects presented to the Project Review Committee for consideration.

"TVA expands the transmission system by building an average of 120 miles of new line each year," Whitehead says. "A large part of these lines is built to serve new delivery points for local distributors. We have an obligation to provide the most economical combination of distribution and transmission facilities for our customers. And we provide those facilities 'just in time' to meet the new load growth."

— MYRA IRELAND

## TVA dollars

continued from page 1

at Bull Run had been leaking, which could have ruined a lot of electrical switching equipment. And the office-wing roof started leaking, which could have damaged computer equipment and files."

Each year, Wildman and his group assess each roof for soundness and have preventive maintenance performed. Then they make a list of those most critically in need of work. After filling out their Project Justification Forms, they head for the Project Review Committee meeting.

"We have capital requests for replacing roofs and operations-and-maintenance requests for repairs," he says. "That's the same for our other 'building envelope' projects, which include the exterior walls, windows and doors."

Tony Hopson, Manager of Facilities Asset Preservation, says FM needs about \$6 million to \$7 million a year for building-envelope projects, which include all TVA buildings.

"The work requires a lot of coordination and often must be tied to unit outages," Hopson says.

Keeping on schedule — barring rain delays — is important to everyone in Facilities Management.

"FM has a Winning Performance scorecard measure related to Facilities Asset Preservation," he says. "We're rated on the percent of projects completed on schedule and within budget. So far this year, we're right on target."

— NANCY CANN

## Project priorities

continued from page 1

cost, the benefits, other options and the economic analysis. The projects are linked to a Critical Success Factor and prioritized into one of the seven project categories defined in the process.

Ray says capital prioritization is driven by TVA's Strategic Plan objective to maintain and operate the power system so customers can count on a safe and reliable power supply.

"However, similar to the constraints on our personal budgets, TVA's capital is limited by another Strategic Plan objective to accelerate debt reduction so TVA has more financial flexibility to support a competitive future. Managing the balance between these two competing objectives is one of the primary functions of the PRC."

The PRC is not limited to the cur-

rent fiscal-year planning, but includes a three-year detailed capital plan, which includes projects addressing clean-air regulations, the Browns Ferry Unit 1 restart, and routine-maintenance capital improvements. In addition, the capital plan will include some non-routine, special projects addressing unique issues, such as steam-generator replacement and nuclear security.

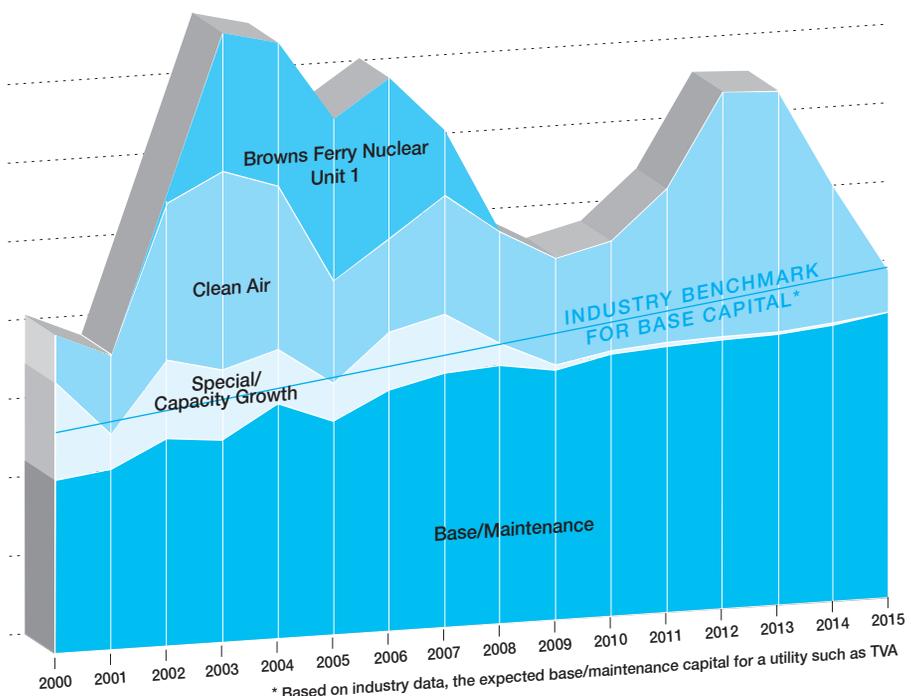
The PRC works closely with the Chief Financial Officer to make sure the projects align with the TVA Financial Outlook.

"By evaluating the value and risk associated with each project, the PRC is responsible for making sure TVA's capital and operations-and-maintenance dollars are invested prudently," Ray says.

— NANCY CANN

### TVA's Long Range Capital Plan

Dollars for FY 2000-FY 2015



TVA's base capital is well under the industry benchmark numbers.

# Corrosion. Erosion. Replacement the only option

*Replacing the entire floor-tube area on Paradise Fossil Plant's Unit 2 to increase efficiency, reduce outages.*

**W**hen it comes to preventing equivalent forced-outage rates, or EFOR, everyone in the Fossil Power Group gets serious. It's a measure on the FPG balanced scorecard and on every fossil-plant scorecard, and it's directly related to the Asset Availability measure on TVA's scorecard.

The lower the EFOR, the better. Lower EFOR indicates a more reliable power source and results in considerable savings for TVA's bottom line.

Getting projects approved through the Project Review Committee is an essential step in keeping the plants operating effectively and efficiently.

As with other fossil plants, Paradise's Unit 2 was having too many forced outages because of boiler-tube leaks, which causes the unit to be taken offline. In this case, the only option was to replace the boiler floor.

"We first started seeing the problem three years ago, and the problems got worse," says Jim Poston, Senior Engineer in FPG's Combustion Systems. "We were at the point where replacing the floor was more economical than repairing it."

He says they do outage planning three-five years ahead — or more in some cases.

"When we take a project through the Project Review Committee, the members look at the project's estimated payback. They ask such ques-

tions as 'Will it pay for itself in three years or less?'"

Poston says this project had to be planned carefully and executed correctly.

"During the outage, getting behind on any activity impacts other work on this project," he says. "This can cost TVA up to \$400,000 a day in lost generation."

The 52-day outage for Unit 2 is scheduled to begin Oct. 4, but parts are being assembled and delivered now.

Implementation partner G-UB-MK will install the boiler-floor components. G-UB-MK and directly served customer Babcock & Wilcox are fabricating the furnace floor and other parts.

The boiler tubes are steel pressure parts in the boiler, similar to pipes, which carry the steam to the turbine. Fatigue, erosion and corrosion with high heat cause expansions and cracks. These cracks cause the steam to leak and the unit to come offline. With this extensive project, the super-heater — the boiler component that raises the energy in the steam in the turbine — also will be replaced.

"We're making every possible effort to reduce our EFOR on Unit 2, as well as on all the other units," says Don Johnson, Site General Manager. "By doing this, we will increase revenue for TVA, which affects everyone."

— NANCY CANN



From left, Paradise Fossil Plant Boiler Engineer Dan Magee, Site General Manager Don Johnson and Boiler Project Manager Chuck Gormastic help keep the boiler-floor replacement project on schedule to avoid lost generation for TVA.

## Putting the dollars where they count the most

**The Project Review Committee reviews, prioritizes and recommends approval of operations and maintenance and capital projects to meet the TVA Strategic Objectives and Critical Success Factors.**

**G**untersville Hydro Plant — unexpectedly — needs new wicket gates to control the flow of water to the turbine that produces power. Bull Run Fossil Plant needs a couple of new roofs to avoid damaging valuable equipment. Middle Tennessee needs new transmission lines to provide electricity to meet the area's rapid growth.

The list goes on and on.

For each organization, the needs are critical. For TVA, the funds are limited.

The Project Review Committee's job is to prioritize the long list of requests, stay within the fiscal-year budget and anticipate the unexpected.

Janet Herrin, Senior Vice President of River Operations, and Jim Keiffer, Senior Vice President of Marketing, are among the 10 decisionmakers resolving the fate of the projects.

"We evaluate the projects according to the seven categories defined in the process," says Herrin. "The first two — safety and regulatory — take top priority. We know we need to look at those carefully for funding."

The other five categories for project consideration are commitment, system requirements, asset preservation, capacity and economics.

A multi-year safety project Herrin cites as a priority is the installation of the tail-water warning systems — sirens and signs — at the dams to alert the public when the gates will open and the water will quickly rise. This project could save lives of those who use TVA's reservoir system.

Regulatory issues include the Environmental Protection Agency's clean-air requirements and the Federal Guidelines for Dam Safety requirements.

"For Blue Ridge Dam to operate safely, we had to install a low-level outlet so we can repair the buckled penstock," Herrin says. "That was a safety and regulatory issue that we had to fund."

The committee meets about four times a year and reviews numerous projects. Each organization requesting funding is put on the "hot seat," answering difficult questions to justify their requests.

Keiffer says the committee members ask a lot of questions.

"We go through the Project Justification Form the project manager has filled out

before the meeting," he says. "We often send the group back to get more information. And, since the dollars are so limited, we look for other ways to solve their problems. Sometimes we have to delay a project or reduce its budget. Then we make recommendations to the Management Committee."

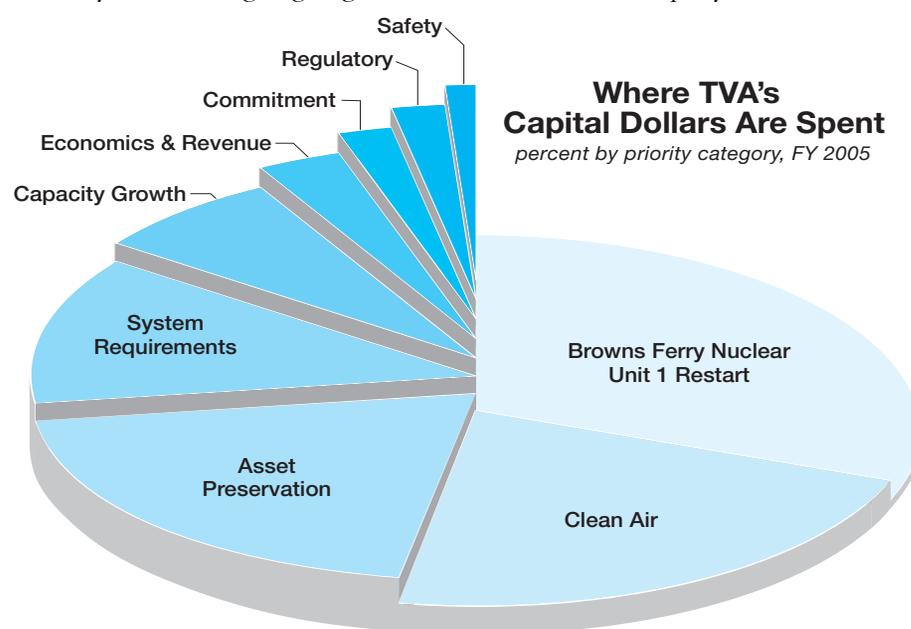
Keiffer's organization in Customer Service & Marketing works primarily with Transmission/Power Supply's capital requests. As a PRC member, he represents the distributor or directly served customers, but maintains an overall, TVA-wide perspective throughout the reviews.

"We have a lot of requests from customers for projects such as new delivery points to provide service to residential and industrial consumers," he says. "I help prioritize from a customer point of view where the dollars should be spent."

It all comes down to the same issues as with a car.

"You can run your car until it stops," Keiffer says. "Then you don't have transportation. Or you can do the maintenance to keep it reliable and save in the long run."

"For TVA, the PRC looks at all the payback factors, including what's going to save us money and what's going to generate revenue for the company." — NANCY CANN



## ACROSS TVA

**John Sevier Fossil Plant** — TVA has contributed \$1,500 help start the Hawkins County Boys & Girls Club in Rogersville, Tenn. John Sevier Plant Manager Mike Wagner presented the check to Joe Zook, Chairman of the Hawkins County Boys & Girls Club, at a Rogersville Chamber of Commerce meeting.

**Shawnee Fossil Plant** — Shawnee Fossil Plant is sponsoring a golf tournament on Columbus Day, Monday, Oct. 11, to raise money for the plant's Combined Federal Campaign. The two-person scramble tournament will be at Silo's Golf Course in West Paducah, Ky. A lunch and reception will be at 10:30 a.m. CDT, followed by a shotgun start at noon. The fee is \$40 per person and includes green fees, cart, lunch and unlimited range balls. The tournament can accommodate up to 60 teams and is open to vendors, employees and friends of employees. Prizes will include \$200 for the 1st-place team, \$150 for the team that places 2nd and \$100 for 3rd. Prizes also will include \$50 for the last-place team, six "random finish" awards of \$50, two closest-to-the-pin prizes of \$75, a longest-drive prize of \$75 and door prizes. To reserve a spot in the tournament, call or e-mail Richard Davis (270-575-8184) or Jennifer McCallon (270-575-8017).



### Fun for a good cause

Eva Willingham of Procurement returns the volleyball, while Jim Kumbar of Information Services and Vivian Jones of Human Resources prepare to support her during a warmup before a volleyball competition at the Chattanooga Area Friendship Games. The proceeds from the games, held June 10 and Aug. 19, raised \$2,300 for the Special Olympics.

The annual event promotes employee morale, physical fitness and improved communications among fellow workers.

In addition to employees, participants included spouses, children, retirees, contractors and interns.

### Winners of the Chattanooga Friendship Games

#### Golf — Top three teams (of 21)

1st: Atom Splitters — Evelyn Williams, Captain  
2nd: Ruff Edge — Jeff Boggess, Captain  
3rd: Ace Group — Don Ringley, Captain  
Longest drive (morning round) — Champ Prince  
Longest drive (afternoon round) — Shawn Boone  
Closest to pin (morning round) — Barbara Dupree  
Closest to pin (afternoon round) — Gary Engelhardt

#### Volleyball — Top three teams (of 6)

1st: Juggernauts — Jessica Baker, Captain  
2nd: Vertically Challenged — Tim Blaylock, Captain  
3rd: Mad Dogs — Scott Kramer, Captain

#### Bowling — Top three teams (of 9)

1st: 7/10 Split — Chris Palmer, Captain  
2nd: Strike Masters — Candy Coy, Captain  
3rd: Strikers — Richard McCrory, Captain

High series (male) — David Robinson, 638  
High series (female) — Mary Robinson, 578

#### Softball — Top three teams (of 6)

1st: Umpire's Worst Nightmare —  
Vivian Jones, Captain  
2nd: Ball Busters — John Duncan, Captain  
3rd: Long Rangers — Mike Clements, Captain

#### Ping-Pong — Top three players (of 8)

1st: Ron Bond  
2nd: Jeff Newton  
3rd: David Danford

#### 3-on-3 Basketball — Top three teams (of 5)

1st: Atomic Ballers — William Washington, Captain  
2nd: Hustlers — Chris Palmer, Captain  
3rd: Crusaders — Jerome Rogan, Captain

Across TVA highlights news, achievements and activities of TVA organizations. E-mail submissions to Nancy Cann on Outlook or send them to her at ET 6E-K. Digital photographs can be e-mailed to the Employee Communications Photos mailbox in Outlook.

### THE POWER OF public service

## Good catch for bigs and littles

This fish tale isn't about the one that got away, but about the hearts of children captured on a sunny summer day on the Tennessee River.

Invited by the Big Brothers Big Sisters of Chattanooga for the 11th annual Bass Tournament, it was a first-time bass-fishing experience for most of the children. TVA employees Warren Behlau of River System Operations & Environment and Ed Ricklefs of Information Services organized and sponsored the entire event.

"Bass fishing has been such a positive experience for both of us that we wanted to share it with others," says Behlau, who has been promoting bass fishing for 11 years. "Working with Big Brothers Big Sisters has been an excellent way to give back to the community and reach out to those who could benefit."

Ricklefs remembers how delighted the children were to learn responsible angling and how tightly they clutched their hard-earned trophies and new fishing tackle.

"All the children were winners that day," he says. "Along with a ride in a flashy bass boat, the kids got to keep the rods and reels, tackle boxes and T-shirts. But most important was the time everyone donated to make an everlasting memory in the life of a child. All of us can



Ed Ricklefs (left) and Warren Behlau organized and sponsored the Big Brothers Big Sisters Bass Tournament in Chattanooga.

look back and feel good about the whole experience."

Nationally, Big Brothers Big Sisters, a Combined Federal Campaign agency, serves more than 200,000 children, ages 6-18, in 5,000 communities across all 50 states. The organization emphasizes mentoring young people and the importance of role models. Clay Hixson, Financial Analyst, is a Big Brother in Knoxville, and Carol Eimers, Valley Relations Associate, is President of Big Brothers Big Sisters in Knoxville. — CAROLYN BRADLEY MINTER

## around the INDUSTRY



TXU Energy, the unregulated arm of TXU Corp., has notified 185,000 electricity customers in Texas that "dramatic" increases in natural-gas prices "require us to adjust your rates." But there was another undisclosed reason TXU raised rates even higher for some customers than others: low "credit scores." In a new rate-setting tactic for the electric-utilities industry, TXU Energy plans to impose a bigger rate increase for its customers with the lowest credit scores, which are numeric rankings of credit-worthiness that take into account a customer's history of paying electricity, telephone and cable bills. TXU defends the use of credit scoring as an accurate predictor of future payment performance. — *Wall Street Journal online*

TXU Corp.'s decision to jack up electricity rates for customers with bad credit prompted a Texas agency to file a complaint against the company with the Public Utility Commission. "Electricity is not like any other commodity," stated the complaint filed by the Public Utility Counsel. "It cannot be stored when prices are favorable, it has no substitutable product and it is a necessity and an essential service." TXU said the pricing strategy, which affects less than 2 percent of customers, is a way to help the utility manage its bad-debt expense. TXU's bad-debt expense rose to \$120 million at the end of 2003 from \$15 million in 1999. TXU Energy has 2.6 million customers statewide. — *CBS MarketWatch*

South Carolina utility regulators will consider a request by Duke Energy Corp.'s electric utility to reduce rates for the state's industrial customers. The Charlotte-based utility has said the proposed temporary 2.8-percent rate decrease is part of its efforts in both Carolinas to stimulate economic development and save jobs. But the state's consumer advocate is questioning whether Duke might also be trying to avoid a full regulatory review of its rates. The proposed one-year decrease, which Duke Power calls "an experimental reduction," would take effect Oct. 1, just as rate cuts ordered last year expire. The S.C. Public Service Commission a year ago ordered the utility to return \$30 million to all ratepayers, including a 3.7 percent credit for industrial users, after Duke Power earned a higher profit margin than the state allows. — *Wall Street Journal online*



This feature provides brief highlights of events in the electric-utility industry. More information is available in PowerBolts, accessible through *TVA Today*.

## WINNING thoughts

*Destiny is no matter of chance. It is a matter of choice. It is not a thing to be waited for, it is a thing to be achieved.*

— William Jennings Bryant

# Bringing real meaning to customer service

*The quick action of Jim Lents demonstrates that serving TVA's customers is part of every employee's job.*

**S**erving TVA's 158 distributor and 62 directly served customers is a 24-hour-a-day, seven-day-a-week job. When customer emergencies arise, TVA employees may be called on to do whatever it takes to make sure the situation is addressed — even if their roles typically don't involve working directly with customers.

That's exactly what happened to Jim Lents, a Non Destructive Examination Specialist in TVA Nuclear's Inspection Services Organization, or ISO.

When a crack in a 700-horsepower pump threatened to interrupt water service to more than 50,000 residents of Bradley County, Tenn., power and water provider Cleveland Utilities called TVA for help in assessing the problem. Although the call to TVA came in just before the start of the long Fourth of July holiday weekend, Lents didn't hesitate to grab his test equipment and head for the Cleveland pumping station.

"Cleveland Utilities wanted to know whether the pump structure was sound enough to take the weld required to fix a four-inch crack in the housing," says Lents. "They also wanted to make sure there were no hidden problems that needed to be addressed."

ISO's work routinely involves



Water pump with crack Lents inspected

inspection of equipment such as heat exchangers, piping systems and vessels at TVA's nuclear and fossil facilities, but in this case the group had just the skills needed to assist the customer.

"We knew that TVA had a great deal of experience analyzing welds and maintaining pumping systems as part of its nuclear-power program," says Tom Wheeler, General Manager of Cleveland Utilities. "When the pump failed, we felt that TVA would have the expertise we needed to help us make the repair successfully."

Lents performed a magnetic particle exam to isolate the crack and check for others that might not be visible to the naked eye. He also conducted an ultrasonic exam to ensure that metal in the cracked area was thick enough to be welded closed successfully.



TVA's Jim Lents and Cleveland Utility's Barry Maples with diagrams of the water system.

Cleveland Utilities went forward with the repairs after the tests conducted by Lents revealed they could be made safely.

Wheeler expressed his appreciation this way in a letter to TVA.

"I can't tell you how reassuring it is

to have experts of your caliber available to assist with these types of problems ... . Thanks again for providing this valuable service to Cleveland Utilities and our water customers."

—FRANK RAPLEY

## Multi-thinking produces valuable tool for trainees

**A** group of 12 Hydro multi-skill trainees showed they are worth their weight in gold — or at least \$75,000 — by constructing a hydro-electric governor model that will benefit future trainees.

"The Multi-Skill Program requires training on a mechanical hydraulic actuator, which starts the unit and controls the turbine speed while tying the generator into the system," says Danny Turner, Hydro Training Center Electrical Instructor. "The first training class said the vendor drawings weren't fully sufficient in teaching the class the intricacies of the device. The price of a three-dimensional training aid was \$75,000."

So the second class of trainees put their heads together and went to work.

"This is a very difficult project to do once you see the complexity involved in the mechanical drawing," says Turner. "To build a model this detailed that has working parts was a great accomplishment."

"But better than this, the group did an exceptional job of working as a team to tackle and solve the problem. This group developed their own work assignments, schedules for completing the job and was completely self-directed as they went about constructing the new training aid."

The group worked on the mockup for about 11 weeks, for 4 to 5 hours each week, and completed it the week

of July 12 at a cost of about \$400 for materials.

"The team pulled together to build this model because we knew how valuable this aid would be for us and for future classes," says Daniel Rose, one of the trainees and foreman for the project. "After struggling to determine where and how the moving parts worked on a diagram, we knew the model could only help future Hydro trainees."

The finished product is a fully working, color-con-

figured model of a conventional hydro-electric governor.

"Its three-dimensional system is a significant improvement over the black-and-white paper vendor drawings," says Turner. "The trainees' ability to understand the hydro-electric governor system will benefit all of TVA's hydro facilities' power production."

The Hydro multi-skill training program affords new employees the skills to be electrical and mechanical technicians and plant operators at TVA's 29 hydro plants. The 30-month program includes 15 months of classroom and lab work and 15 months on-the-job training at the new employee's plant location.

"We reinforce the STAR 7 principles in our training and build on the principle of teamwork," says Phil Crabtree, Hydro Production Training Manager. "I was thoroughly impressed with the level of teamwork this group displayed, their dedication to the project and the superb model they constructed."

In addition to Rose, the following are the 11 other hydro-plant employees on the mock-up team:

Casey Botts, Shannon Bynum, Robert Fletcher, Gary Imlay, Dena Irvine, William G. Jones, Robert Killian, Jason McDougale, Howard Powell, Edgar Rivera and Philip Seals.

—BARBARA MARTOCCI



Dena Irvine and Daniel Rose are two of the Hydro multi-skill trainees who developed the hydro-electric governor model that will be used as a training-aid.

## INSIDER

# Never too late to go for gold

**B**efore the athletes of the world journeyed to Athens for the Olympic Games, senior athletes in Tennessee made their way to Clarksville for the Tennessee Senior Games, where five employees brought home medals.

In the 50+ women's softball and 3-on-3 basketball events, Senior Vice President of Information Services Diane Bunch, Lynne Hicks from COO Workforce Information and Linda Hutcheson from River System Operations & Environment River Operations played for the Big Dogs, which won the Bronze in both sports. They also competed in volleyball.

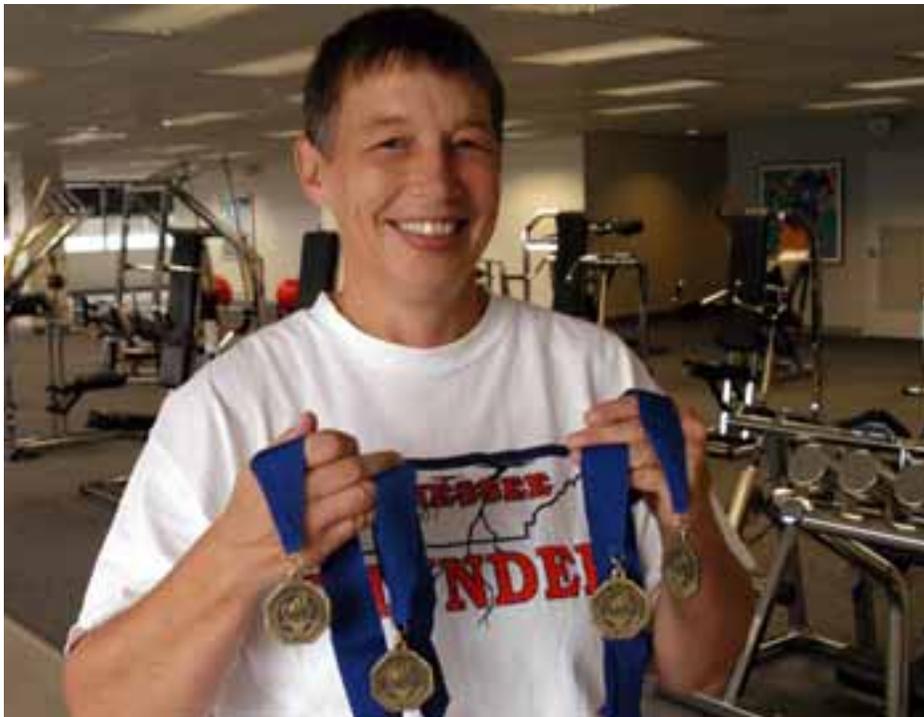
Bunch, who played basketball and volleyball for Red Bank High School, has been playing for the Big Dogs for about four years.

"Three of us on the Big Dogs team played together in junior high and high school, so it was a kind of reunion," Bunch says. "The whole Big Dog experience has been like a sisterhood. There's a lot of camaraderie, and it's a good opportunity to get off the couch and have a lot of fun."

In the 50+ men's softball event, Knoxville Facilities Management Courier Joe Parton played first base for the Gold-medal-winning Boys of Summer team, based in Knoxville. Parton played baseball, basketball and football for Knoxville South High School. He's been with the Boys of Summer for three years, just started with a traveling team from Georgia and plays as many as 100 softball games a year.

"I just love to play," says Parton. "I'll play till I die."

Then there was Sue Sewing, Facilities Management Manager of Commu-



Sue Sewing displays the medals she won at the Tennessee Senior Games.

nications & Planning, who won four Gold medals. In the 50+ women's softball, Sewing (pronounced "saw-ing") played "rover" for the first-place Tennessee Thunder. In the women's 50-54 field events, Sewing won the Gold and set state age-group records throwing the discus (81' 11"), javelin (100' 11") and softball (144').

Sewing started in field events in

**'There's a lot of camaraderie, and it's a good opportunity to get off the couch and have a lot of fun.'**

—Diane Bunch

Amateur Athletic Union competition when she was 14 in Jackson, Mo. She says there weren't any sports for girls when she attended Jackson High School, but she threw for Murray (Ky.) State and earned a \$75 book scholarship in the first year scholarships were offered to women there.

Sewing has played softball almost all her life, most recently on the local slow-pitch teams Styxx and Storm. On the other hand, she hasn't had many opportunities to test her throwing form in the field events.

"I go to the Live Well Center regularly," says Sewing. "So I was strong enough, but I wasn't nearly as smooth in the throwing form as I was in college. But it eventually came back to some extent." — BROOKS CLARK

## people, plaudits and promotions



Mark Harwood

Sequoyah Nuclear Plant has received medallions from the Tennessee Army National Guard in appreciation of the plant's support of two employees called to service in Operation Iraqi Freedom.

**Mark Harwood**, a Senior Instrument Mechanic, was deployed in March 2003 with a National Guard artillery unit. The unit returned a couple of months later when the group's expertise with rocket systems was not required. Harwood served 21 years with the guard before retiring last August. Senior Instrument Mechanic **Tony Seagrove** was deployed in March 2003 with a National Guard ordinance unit. He returned from duty in June 2003 and remains an active guardsman.

The Priceville (Ala.) Town Council has honored **Terry Johnson**, a Senior Consultant in Communications & Government Relations, for his 13 years of service as a volunteer member of the Zoning Board of Adjustment. He was chairman of the board for about 10 years. The board decides whether requests for variances from zoning ordinances should be approved on a case-by-case basis in Priceville, a growing "bedroom community" in the Decatur-Huntsville area.



Terry Johnson



Justin Neal

**Justin Neal**, Transmission System Engineer at the Bowling Green Transmission Service Center, has completed the requirements of the Chief Operating Officer Engineering Graduate Progression Program and has achieved the Senior Engineer level at TVA. Engineers progress by satisfactorily completing specific work assignments, tasks, instructions and learning events in accordance with an assigned Individual Progression Plan. The program is designed to ensure that Senior Engineers demonstrate broad knowledge in the discipline-specific area and a good knowledge of practices in related disciplines.

**LeAnne Stribley**, Executive Vice President of Administration, has been named winner in the YWCA 20th Annual Tribute to Women in the Government & Business category. The selection was based on Stribley's leadership and achievements in her position at TVA. The annual Tribute to Women Awards recognizes the accomplishments of area women in the areas of Arts, Education, Government & Business, Human Services, Science & Technology, Volunteer Community Service and Teen Leadership.



LeAnne Stribley

The Middle Tennessee Federal Executive Association presented Sgt. **Benny Thompson**, a Technical Services Analyst at Gallatin Fossil Plant, with a certificate of appreciation for serving in "Operation Enduring Freedom" and "Operation Iraqi Freedom." Thompson returned home in May after being in Baghdad, Iraq, for 18 months as part of the 168th Military Police Battalion.



Benny Thompson

The Middle Tennessee Federal Executive Association presented Sgt. **Benny Thompson**, a Technical Services Analyst at Gallatin Fossil Plant, with a certificate of appreciation for serving in "Operation Enduring Freedom" and "Operation Iraqi Freedom." Thompson returned home in May after being in Baghdad, Iraq, for 18 months as part of the 168th Military Police Battalion.

## Your thoughts...

### My ideas for improving TVA's financial flexibility

There would be significant cost savings if all personnel were given access to the double-sided printers at the facility. We generate multiple copies of procedures each day that are many pages long. **If we could print those double-sided, then we would print about 1/2 the current pages necessary, which translates into a very large amount of paper.** This reduces costs in two ways, 1) purchase of new paper and 2) in the disposal/recycle efforts.

— **Tim Benson**, Sequoyah Nuclear Plant

There are many technical-improvement projects that run beyond their schedule dates because plant equipment is not available for the required testing or other reasons. **Rather than closing the project out without the completed results so we can complete the spending for the fiscal year, we should allow to spread the budgeted fund over a period of time to get the maximum results.** This would allow the project managers the flexibility to get the best result within budget.

— **Timothy Chan**, TVA Nuclear Engineering & Technical Services

When the toner cartridge on our non-color laser printers or ink-jet printers indicates the toner is low, we pull the cartridge out (usually in the morning), shake it and put it back in. **This has extended the life of each cartridge from a week to a month, depending on the amount of printouts needed from the printer.**

— **Judy Driggans**, Corporate Finance & Risk Management

### Please tell us... We're listening

*Inside TVA* wants to hear your opinions about current company issues. Some responses may be published. The first 100 responders will receive a small token of appreciation for their participation. Please include your name and work address in your response.

#### 1. In fiscal year 2005, I plan to help TVA meet its goals by ...

Two ways to get your answers to us: the *Inside TVA* mailbox in Outlook or by mail to *Inside TVA*, ET 6E-K.

Thanks!



# Healthcare Choices

A special section on benefit changes for 2005

## Changes necessary in healthcare benefits

**T**VA employees are not alone. Nationwide, for the past five years healthcare costs have increased annually by double digits. Costs for 2004 are projected to increase by 13 percent, according to Mercer's 2003 National Survey of Employer-Sponsored Health Plans. This is on top of a 14 percent increase for 2002 and another 14 percent increase in 2003.

Prescription-drug costs are projected to continue to increase by double digits and at a faster rate than other medical costs. The benefits-consulting firm Aon Consulting projects an 18-percent increase in drug costs for 2004.

TVA's demographics will contribute to higher drug costs. The Kaiser Foundation reports that consumer spending on drugs increase by 69 percent, on average, after age 45. The average age of TVA employees is 46.5, which is slightly older than the national average.

TVA, as well as other large companies across the nation, is faced with a challenge — How to manage the escalating cost of healthcare, while continuing to provide employees with quality health benefits.

TVA conducted a comprehensive review of medical-benefit plans as part of its program-review process. This analysis showed that TVA's costs for medical coverage per participant is higher than regional and national averages.

This review also identified the following three trends in how companies are managing their healthcare costs:

- 1) More than 60 percent of large companies in the Southeast are increasing employee co-pays and premiums, according to Aon Consulting.
- 2) Companies are offering employees more choices in healthcare plans. Employees are being encouraged to become informed consumers of healthcare services.
- 3) "Healthy lifestyle" programs and dis-

ease- or care-management programs are being offered by many companies.

TVA is making changes that bring its healthcare plans in line with benchmark data and also help more-effectively manage the increasing costs of healthcare benefits. Changes to the plans and their premiums and fees, such as co-pays and out-of-pocket maximums, may result in cost increases for some employees Jan. 1, 2005.

Those affected by the changes are Managers & Specialists and Excluded employees, as well as those represented by the Service Employees' International Union, Trades & Labor Council for Annual Employees and International Brotherhood of Teamsters. For additional information, see article on page 2.

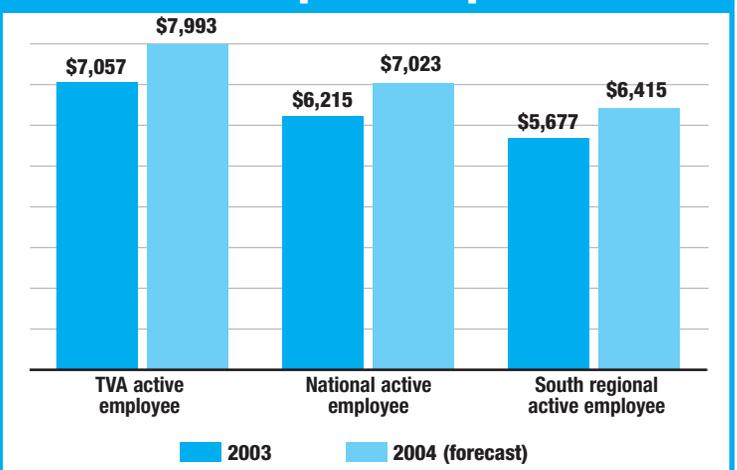
TVA will offer these employees four choices in medical-plan options. And it will initiate a new wellness-incentive program, called "HealthCheck," that encourages and rewards healthy lifestyles.

This section provides information for employees covered by the new options. The open-enrollment period for benefits will be Nov 15-23. The goal is for everyone to be well-informed on any changes that affect them and their families.

Some information has been provided to employees. Additional detailed information about the plans will be mailed to employees at their workstations in the coming weeks. Also, detailed information will be available on the Blue Cross/Blue Shield Web site in early October. The TVA Benefits staff will conduct employee information sessions at many work sites around the Tennessee Valley.

Please educate yourself by reviewing the information in this section and the information to come and take advantage of other opportunities to learn more about the new benefit plans.

### Annual medical-plan cost per subscriber



### Major changes for 2005

- **Four medical-plan options** available to some employees, effective Jan. 1, 2005
- The 80 percent and 90 percent preferred-provider organization, or PPO, **continuing through 2005 with changes**
- The 90 PPO **will be eliminated Jan. 1, 2006.**
- Improvements in **\$250 wellness benefit**
- Health-maintenance organizations, or HMOs, **no longer available in 2005**
- New copayment **PPO replaces HMOs**
- **70 percent** medical plan eliminated
- \$500 **credit eliminated** for those on new plans
- Employees can earn wellness credits for healthful habits through new **HealthCheck program.**

**In this section**

What's new for 2004 • Your plan choices • Comparison of medical plans • New tools online • New wellness-incentive program

**F**or 2005, many employees have some new choices in medical plan coverage. All these options are available no matter where you live or work or where your family will receive healthcare services. Each plan has its own set of advantages, so you can decide which plan is best for you.

This section provides a quick overview of the new medical-plan options for 2005. Additional information on each plan will be provided before the open-enrollment period begins in November. Watch for and read the materials you will receive.

### Wellness benefits

All the medical-plan options include an annual \$250 wellness benefit for each person covered. The wellness benefit is not subject to a deductible, and you do not have to make a copayment or pay co-insurance for services covered under this benefit. This wellness benefit can be used for routine physicals and screening examinations, including mammograms, OB-GYN exams, prostate screenings and more.

### Who is affected by the medical-plan changes?

Changes to the medical plan for represented employees are negotiated with the employee unions. The new medical-plan options will be imple-

mented for employees represented by the following unions:

- Service Employees' International Union (Local 544)
- Trades & Labor Council for Annual Employees
- International Brotherhood of Teamsters

The changes also will apply to the following employees and retirees:

- Managers & Specialists and Excluded employees
- Retirees not yet eligible for Medicare

The following employee unions have multi-year agreements on benefits, which are in place through 2005, and employees represented by these unions will continue to be covered under the current medical plans with premium increases previously negotiated.

- TVA Engineering Association, Inc.
- Law Enforcement Employees Association

Employees represented by the Office and Professional Employees International Union are eligible to continue the current plan offerings into 2005. Negotiations are still under way that could affect TVA's contribution, employee premiums and other benefits-related issues.

## Comparison of Medical Benefit Plans

Benefits	C1 Copayment PPO		C2 80% Co-insurance PPO	
	In-Network	Out-of-Network*	In-Network	Out-of-Network*
<b>Biweekly Employee Premium</b>	\$67 Individual \$139 Family		\$45 Individual \$73 Family	
<b>HRA</b> Health Reimbursement Account	—		—	
<b>HRA Rollover Cap</b>	—		—	
<b>Annual Deductible</b> In-network and out-of-network expenses are combined	None		\$300 Individual \$600 Family	
<b>Office Visit</b>	\$25 copayment	70% Plan pays 30% You pay	80% Plan pays 20% You pay	70% Plan pays 30% You pay
<b>ER Visit</b>	\$100 copayment	70% Plan pays 30% You pay	80% Plan pays 20% You pay	70% Plan pays 30% You pay
<b>Inpatient Service</b>	\$500 copayment	70% Plan pays 30% You pay	80% Plan pays 20% You pay	70% Plan pays 30% You pay
<b>Outpatient Service</b>	\$200 copayment	70% Plan pays 30% You pay	80% Plan pays 20% You pay	70% Plan pays 30% You pay
<b>Out-of-Pocket Maximum</b> In-network and out-of-network expenses are combined	\$1,500 Individual \$3,000 Family	\$3,000 Individual \$6,000 Family	\$2,500 Individual \$5,000 Family	\$5,000 Individual \$10,000 Family
<b>Wellness Allowance</b>	\$250 annual allowance, not subject to deductible, copayment or co-insurance		\$250 annual allowance, not subject to deductible, copayment or co-insurance	
<b>Mental Health</b>	Inpatient: See inpatient benefits above; limit 60 days per person per calendar year Outpatient: See outpatient benefits above; limit 60 visits per person per calendar year		Inpatient: See inpatient benefits above; limit 60 days per person per calendar year Outpatient: See outpatient benefits above; limit 60 visits per person per calendar year	
<b>Covered Prescription Drugs</b> (Administered through Medco Health)				
Generic	\$12 copayment		\$12 copayment	
Preferred Brand	\$24 copayment		\$28 copayment	
Non-Preferred Brand	\$39 copayment		\$43 copayment	
Mail-Order Pharmacy	2x retail copayment for up to a 90-day supply		2x retail copayment for up to a 90-day supply	
<b>Vision Care (in network)</b>	\$10 copayment exam every 12 months		\$10 copayment exam every 12 months	
Lenses	\$10 copayment every 12 months		\$10 copayment every 12 months	
Frames (every 2 years)	\$10 copayment up to \$100, then 80% of amount over \$100		\$10 copayment up to \$100, then 80% of amount over \$100	
Contacts	\$10 up to \$115 allowance per year		\$10 up to \$115 allowance per year	

\* Payments are based on allowable fees for covered services as determined by BlueCross BlueShield of Tennessee. When out-of-network providers are used, you may also be responsible for paying any amount charged beyond the allowable fee.

## C1 Copayment PPO

The new copayment PPO plan provides predictable healthcare costs and gives you the freedom to choose the doctors and hospitals you want. Plus, you reduce your costs when you use network providers.

**How it works:** With this plan, you pay a fixed fee — called a “copayment” —whenever you receive covered services from providers in your preferred network. So there are no surprises by using network providers, you’ll always know your share of the bill. In addition, there’s no deductible, and out-of-pocket maximums are low, too.

Whenever you choose out-of-network providers, you switch to the co-insurance part of the plan, which pays for 70 percent of your covered benefits.

This plan may appeal to those who want the highest level of healthcare coverage along with predictable costs.

## C2 80% Co-insurance PPO C4 90% Co-insurance PPO

With these plans, you can choose any doctor or hospital you like. You have low deductibles and you pay less for covered services when you use providers in your preferred network.

**How they work:** These plans pay for 80 or 90 percent of your covered healthcare costs, depending on which plan and providers you choose (see chart), while you’re responsible for the “co-insurance” amount that remains.

The amounts you pay for deductibles and co-insurance apply to your out-of-pocket maximums.

These plans may appeal to those who want extensive healthcare coverage with low deductibles.

## C3 Consumer-Directed Health Plan

The Consumer-Directed Health Plan gives you more control over your healthcare decisionmaking — and it offers the lowest premiums.

**How it works:** TVA contributes a fixed amount — \$500 individual, \$1,000 family — to your Health Reimbursement Account, or HRA, each year. The costs of your covered healthcare services and prescription drugs are paid in full from this account first, up to the account maximum (\$500 individual, \$1,000 family). If you are healthy and make smart choices — such as choosing network providers and generic drugs — this account may be all you need to cover your healthcare bills for the year.

After the HRA is exhausted, there is a “gap” in which you pay the full cost for hospital, physicians, prescription drugs, and other covered services until the deductible is met. This gap can be funded with contributions to a flexible spending account.

The amount you spend from your HRA and the amount you pay in the “gap” apply to your deductible. After you have 1) used all the money in your HRA, and 2) satisfied your deductible, a traditional 80-percent Co-insurance Plan goes into effect to cover your in-network eligible medical and prescription-drug expenses.

Under this plan, you can roll over any remaining money in your HRA from year to year (up to \$3,000 for individual and \$5,000 for family). So if you have low expenses in one year, you may have money on hand for future healthcare expenses.

In addition to the new online tools that will be available, you will have access to a secure source of information to help you manage your HRA and track your expenses.

This plan may appeal to careful shoppers who want more control over their healthcare spending and lower premiums.

C4 90% Co-insurance PPO		C3 Consumer-Directed Health Plan	
\$98 Individual \$151 Family		\$14 Individual \$26 Family	
—		\$500 Individual \$1,000 Family	
—		\$3,000 Individual \$5,000 Family	
\$200 Individual \$400 Family		<b>In-Network</b> \$1,000 Individual \$2,000 Family	<b>Out-of-Network</b> \$2,000 Individual \$4,000 Family
In-Network	Out-of-Network*	In-Network	Out-of-Network*
90% Plan pays 10% You pay	70% Plan pays 30% You pay	80% Plan pays 20% You pay	60% Plan pays 40% You pay
90% Plan pays 10% You pay	70% Plan pays 30% You pay	80% Plan pays 20% You pay	60% Plan pays 40% You pay
90% Plan pays 10% You pay	70% Plan pays 30% You pay	80% Plan pays 20% You pay	60% Plan pays 40% You pay
90% Plan pays 10% You pay	70% Plan pays 30% You pay	80% Plan pays 20% You pay	60% Plan pays 40% You pay
\$1,500 Individual \$3,000 Family	\$3,000 Individual \$6,000 Family	\$4,500 Individual \$9,000 Family	\$9,000 Individual \$18,000 Family
\$250 annual allowance, not subject to deductible, copayment or co-insurance		\$250 annual allowance, not subject to deductible, copayment or co-insurance	
See inpatient benefits above; limit 60 days per person per calendar year See outpatient benefits above; limit 60 visits per person per calendar year		See inpatient benefits above; limit 60 days per person per calendar year See outpatient benefits above; limit 60 visits per person per calendar year	
\$12 copayment \$26 copayment \$41 copayment 2x retail copayment for up to a 90-day supply		Covered 80% after deductible. Minimum of \$12 to be paid by patient; maximum of \$100 to be paid by patient Covered 80% after deductible. Minimum of \$24 to be paid by patient; maximum of \$100 to be paid by patient Covered 80% after deductible. Minimum of \$39 to be paid by patient; maximum of \$100 to be paid by patient 2x retail minimums and maximums for up to a 90-day supply	
\$10 copayment exam every 12 months \$10 copayment every 12 months \$10 copayment up to \$100, then 80% of amount over \$100 \$10 up to \$115 allowance per year		NOT AVAILABLE	

## Dates to remember

- Oct. 1** — Blue Cross/Blue Shield Web site available with specific information on TVA medical plans
- During October**
  - Four brochures explaining the medical-plan options to be mailed to employees’ work stations
  - Employee meetings throughout the Valley about medical-plan options
  - Open-enrollment packages mailed to employees’ home addresses
- Nov. 15-23** — Open enrollment for 2005 medical-plan options

# HealthCheck

Earn incentives, get healthier

**One of the best ways to reduce healthcare costs is to improve overall health. A new incentive program will help employees take the first steps toward a healthier lifestyle.**

**B**eginning Nov. 1, employees may be eligible for two-fold benefits through the new wellness-incentive program called "HealthCheck." By following the program outlined by Live Well staff members, employees can get healthier while earning incentive awards.

A national trend picking up speed in managing healthcare costs is adding "healthy lifestyle" programs to employee-benefit packages. TVA offers fitness centers in many of its facilities and offsite reimbursement in locations without Live Well Centers to promote healthy living. The company implemented a disease-management program in 2001 to encourage better education and health.

Although the HealthCheck program is available to all employees, only those no longer receiving the \$500 benefits credit in 2005 are eligible for the incentive portion of the program.

HealthCheck is strictly a volunteer program. Employees who want to participate can begin by getting a HealthCheck screening through the Live Well Centers and completing an online health-risk appraisal. Employees who complete this first step will receive a \$50 incentive award.

This initial screening provides a baseline for the Live Well staff to develop a program for the employee aimed at improving overall health. Employees who continue to participate in the program and take steps toward improving health can earn an incentive award beginning next year of up to \$200. The amount of the award depends upon the results of the HealthCheck screenings and the steps taken to improve overall health. This incentive will be paid as a benefit credit that can be used on medical premiums, life insurance or flexible-spending accounts.

More information will be mailed to employees at their work locations and in TVA Today in the next couple of weeks. This information will include step-by-step details on how to enroll in the program.

## 2005 new plan premiums

Plan options	2005	
	Total biweekly premium	Employee biweekly premium
Co-pay individual	\$247	\$67
Co-pay family	\$431	\$139
90% individual	\$278	\$98
90% family	\$442	\$151
80% individual	\$225	\$45
80% family	\$364	\$73
CDHP individual	\$136	\$14
CDHP family	\$262	\$26

Premiums are based on TVA contributing 80% of the 80% co-insurance PPO option.

# New online tools

**N**o matter which plan you choose, it's important for you to become a more informed healthcare consumer. Think about the types of healthcare services you and your family typically need. Once you've decided on a plan, you can sign up during the open-enrollment period.

New online tools will be available in October to make it easy to compare plans, as well as provide you with access to health information and resources.

A new Health Plan Calculator will be available next month to help you compare your medical plan options. Located at [www.bcbst.com](http://www.bcbst.com), this tool will help you estimate your costs under each of the medical-plan options available to you next year.

And new tools will continue to be available to you at this site after the enrollment period ends. You will be able to get valuable health information all year, including cost and quality information for hospitals, average costs of medical procedures and much more — all designed to help you be an informed healthcare consumer.

Look over the details of each plan and think about which one would work best for you and your family.

The Health Plan Calculator assists employees in determining the most cost effective health plan.

Compare Your Benefits resources allow you to compare the costs of different hospitals and different procedures.